

**\$50,000,000**

# **Interstate Power and Light Company**

## **5.50% Senior Debentures due 2025**

We will pay interest on the senior debentures semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2006. The senior debentures will mature on July 15, 2025. We may redeem some or all of the senior debentures at any time and from time to time at the redemption prices described in this prospectus supplement.

The senior debentures will be our unsecured senior obligations and rank equally with our other unsecured senior indebtedness from time to time outstanding. The senior debentures will be issued only in registered form in denominations of \$1,000.

	<u>Per Senior Debenture</u>	<u>Total</u>
Public offering price(1) .....	99.414%	\$49,707,000
Underwriting discount .....	0.875%	\$ 437,500
Proceeds, before expenses, to Interstate Power and Light Company(1)	98.539%	\$49,269,500

(1) Plus accrued interest, if any, from July 21, 2005 if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The senior debentures will be ready for delivery in book-entry form only through The Depository Trust Company on or about July 21, 2005.

*Sole Bookrunning Manager*

**Barclays Capital**

*Joint Lead Manager*

**Banc of America Securities LLC**

**Lazard Capital Markets**

The date of this prospectus supplement is July 18, 2005

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### ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under "Where You Can Find More Information" in the accompanying prospectus. Some of these documents, however, are filed on a combined basis with our parent, Alliant Energy Corporation, and its direct subsidiary, Wisconsin Power and Light Company. Information contained in these documents relating to these entities is filed by them on their own behalf and not by us, and you should not rely on that information when deciding whether to invest in the senior debentures. In the event that the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information relating to Interstate Power and Light Company contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless we otherwise indicate or unless the context requires otherwise, all references in this prospectus to "we," "our," "us" or similar references mean Interstate Power and Light Company.

Our principal executive offices are located at Alliant Energy Tower, 200 First Street, SE, Cedar Rapids, Iowa 52401, and our telephone number is (319) 786-4411.

## FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information we incorporate by reference into this prospectus supplement and the accompanying prospectus contain forward-looking statements that are intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding anticipated financial performance, business strategy and management's plans and objectives for future operations, are forward-looking statements. These forward-looking statements can be identified as such because the statements generally include words such as "expect," "intend," "believe," "anticipate," "estimate," "plan" or "objective" or other similar expressions. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. Some, but not all, of the risks and uncertainties include the following:

- weather effects on our results of operations;
- economic and political conditions in our service territories;
- federal and state regulatory or governmental actions, including the impact of potential energy-related legislation in Congress and recently enacted federal tax legislation, and the ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs and the earning of reasonable rates of return in current and future rate proceedings;
- unanticipated construction and acquisition expenditures;
- unanticipated issues in connection with our construction of new generating facilities;
- issues related to purchased electricity supplies and their prices, including the ability to recover purchased-power and fuel costs through rates;
- unplanned outages at our generating facilities and risks related to recovery of increased costs through rates;
- issues related to electric transmission, including recovery of costs incurred, operating in the new Midwest Independent System Operator energy market and federal legislation and regulation affecting such transmission;
- impact of weather hedges on our earnings;
- risks related to the operation of our Duane Arnold Energy Center nuclear facility and issues related to the anticipated sale of our interest in that facility;
- costs associated with our environmental remediation efforts and with environmental compliance generally;
- developments that adversely impact our ability to implement our strategic plan;
- any material declines in the fair market value of, or expected cash flows from, our investments;
- our ability to continue cost controls and operational efficiencies;
- our ability to identify and successfully complete proposed acquisitions and development projects;
- our ability to complete our proposed divestitures of various businesses and investments in a timely fashion and for anticipated proceeds;
- access to technological developments;
- employee workforce factors, including changes in key executives, collective bargaining agreements or work stoppages;
- continued access to the capital markets;
- the ability to successfully complete our ongoing tax audits and appeals with no material impact on our earnings and cash flows; and
- changes in the rate of inflation.

We assume no obligation, and disclaim any duty, to update these forward-looking statements.

## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that may be important to you. You should read the entire prospectus supplement and the accompanying prospectus carefully before making a decision to invest in our senior debentures.*

### Our Company

We are a regulated utility serving customers in Iowa, Minnesota and Illinois. We are engaged principally in the generation, transmission, distribution and sale of electric energy; the purchase, distribution, transportation and sale of natural gas; and the provision of steam and other energy-related products and services, including construction management services for wind farms. As of December 31, 2004, we served approximately 532,000 electric customers in 760 communities and approximately 237,000 gas customers in 253 communities. All of our common stock is owned by Alliant Energy Corporation, an energy-services provider with subsidiaries serving more than three million customers worldwide. Providing its customers in the Midwest with regulated electricity and natural gas service, including through us, remains Alliant Energy Corporation's primary focus.

We are subject to the jurisdiction of the Iowa Utilities Board, or IUB, the Minnesota Public Utilities Commission, or MPUC, and the Illinois Commerce Commission with respect to various portions of our operations. We are also subject to the jurisdiction of the Federal Energy Regulatory Commission, or FERC, and the Nuclear Regulatory Commission, or NRC. Our parent company, Alliant Energy Corporation, is a registered public utility holding company subject to regulation by the Securities and Exchange Commission, or SEC, under the Public Utility Holding Company Act of 1935. We are also subject to some requirements of that Act.

### Recent Development

On July 5, 2005, we announced that we signed a definitive agreement to sell our 70% ownership interest in the 598 megawatt Duane Arnold Energy Center, or DAEC, a nuclear generating facility located near Palo, Iowa, to FPL Energy, LLC, a subsidiary of FPL Group, Inc. As part of the sale agreement, FPL Energy agreed to purchase the nuclear generating facility, nuclear fuel and inventory from us for approximately \$380 million. In addition, the agreement contemplates that our affiliates will sell other related assets to FPL Energy for an additional \$7 million.

The purchase price for the DAEC facility is subject to various adjustments at closing and the sale agreement also contemplates that we will transfer assets and make cash payments to FPL Energy at closing in connection with FPL Energy's assumption of decommissioning and other liabilities. FPL Energy will be responsible for the ultimate decommissioning of the facility.

We will enter into a long-term Power Purchase Agreement with FPL Energy to buy energy and capacity from DAEC. The structure of the Power Purchase Agreement will result in costs for our electric customers similar to the anticipated costs under our continued ownership. The Power Purchase Agreement will extend through February 2014, concurrent with expiration of DAEC's current operating license.

Pending all appropriate state and federal regulatory approvals and satisfaction of other closing conditions, the transaction is expected to be concluded in late fourth quarter 2005 or early first quarter of 2006. The transaction is subject to approvals by various regulatory agencies — including the IUB, the MPUC, the NRC and the FERC — and possible reviews by the Department of Justice and/or the Federal Trade Commission.

In December 2004, we announced our intent to sell our ownership interest in the DAEC, because we believed that a sale would reduce financial and operational uncertainty associated with nuclear generating facility ownership and operations. At this time, we anticipate net proceeds from the asset sale will be available for general corporate purposes and debt retirement.

## The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the senior debentures, see "Description of the Senior Debentures" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer .....	Interstate Power and Light Company
Senior debentures offered .....	\$50.0 million aggregate principal amount of 5.50% senior debentures due 2025.
Maturity .....	July 15, 2025.
Interest payment dates .....	January 15 and July 15 of each year, beginning January 15, 2006.
Ranking .....	The senior debentures will be our unsecured senior obligations and rank equally with our other unsecured senior indebtedness from time to time outstanding. The senior debentures will also be subordinated to our secured indebtedness to the extent of the assets securing such indebtedness. As of March 31, 2005, we had outstanding \$259.4 million of secured indebtedness.
Optional redemption .....	We may redeem some or all of the senior debentures at any time and from time to time at a redemption price equal to the sum of the principal amount of the senior debentures we redeem, accrued interest on that principal amount to the redemption date and the make-whole amount, if any, with respect to those senior debentures. See "Description of Senior Debentures — Optional Redemption."
Covenants .....	<p>The indenture governing the senior debentures contains covenants that, among other things, limit our ability to:</p> <ul style="list-style-type: none"> <li>• create some types of secured indebtedness; and</li> <li>• consolidate or merge.</li> </ul> <p>These covenants are subject to important exceptions and qualifications, which are described under the heading "Description of the Debt Securities" in the accompanying prospectus.</p>
No limitation on debt .....	The indenture governing the senior debentures does not limit the amount of senior debentures that we may issue or provide holders any protections should we be involved in a highly leveraged transaction.
Ratings .....	Standard & Poor's Ratings Services has assigned the senior debentures a rating of BBB. Moody's Investors Service has assigned the senior debentures a rating of Baa1. Ratings are not a recommendation to buy, sell or hold the senior debentures. We cannot give any assurance that the ratings will be retained for any time period or that they will not be revised downward or withdrawn by the ratings agencies.

Use of proceeds .....	We estimate that the net proceeds from the offering will be approximately \$49.2 million. We intend to use the proceeds from this offering to redeem our collateral trust bonds, 7% series, due 2023, the outstanding aggregate principal amount of which is \$50.0 million.
Denominations .....	The senior debentures will be issued in denominations of \$1,000 and integral multiples of \$1,000.
Absence of market for the senior debentures .....	The senior debentures are a new issue of securities with no established trading market. We currently have no intention to apply to list the senior debentures on any securities exchange or to seek their admission to trading on any automated quotation system. Accordingly, we cannot provide any assurance as to the development or liquidity of any market for the senior debentures. See "Underwriting."

### Summary Financial Information

The summary consolidated financial information below was selected or derived from our consolidated financial statements. The unaudited interim period financial information, in our opinion, includes all adjustments, which are normal and recurring in nature, necessary for a fair presentation for the periods shown. Results for the three months ended March 31, 2005 are not necessarily indicative of results to be expected for the full fiscal year. The information set forth below is qualified in its entirety by and should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes incorporated by reference into this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information."

	Year Ended December 31,			Three Months Ended March 31,	
	2002	2003	2004	2004	2005
	(In millions)				
Income Statement Data:					
Operating revenues .....	\$1,242.4	\$1,371.2	\$1,459.6	\$396.8	\$422.3
Operating income.....	209.7	219.4	240.2	35.5	52.9
Net income.....	90.9	100.7	125.7	15.8	22.5
Earnings available for common stock .....	88.0	87.1	110.3	11.9	18.6
		As of December 31,		As of March 31,	
		2003	2004	2005	
		(In millions)			
Balance Sheet Data:					
Current assets .....		\$ 241.6	\$ 267.6	\$ 252.4	
Property, plant and equipment, net .....		2,910.4	3,071.8	3,085.6	
Investments and other non-current assets.....		469.0	529.7	544.7	
Current liabilities.....		380.9	327.6	323.6	
Long-term debt (excludes current portion) .....		837.9	960.4	960.4	
Other non-current liabilities .....		1,183.6	1,255.0	1,281.3	

### Ratios of Earnings to Fixed Charges

The following table sets forth our ratios of earnings to fixed charges for the periods presented:

2000	Year Ended December 31,				Three Months Ended March 31, 2005
	2001	2002	2003	2004	
3.31x	3.17x	3.25x	3.48x	3.59x	3.03x

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$49.2 million, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to redeem our collateral trust bonds, 7% series, due 2023, the outstanding aggregate principal amount of which is \$50.0 million.

## CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2005, on an actual basis and as adjusted to give effect to this offering and the anticipated use of the net proceeds from this offering as described under "Use of Proceeds."

	As of March 31, 2005		% of Total As Adjusted
	Actual	As Adjusted	
	(In millions)		
Common stock .....	\$ 33.4	\$ 33.4	
Additional paid-in capital .....	746.4	746.4	
Retained earnings .....	371.9	371.9	
Accumulated other comprehensive loss .....	(18.1)	(18.1)	
Total common equity .....	1,133.6	1,133.6	48.7%
Cumulative preferred stock .....	183.8	183.8	7.9%
Long-term debt (excluding current portion) .....	960.4	961.2	41.2%
Short-term debt .....	51.7	51.7	2.2%
Total capitalization (including short-term debt) .....	<u>\$2,329.5</u>	<u>\$2,330.3</u>	<u>100.0%</u>

## DESCRIPTION OF SENIOR DEBENTURES

We have summarized provisions of the senior debentures below. This summary supplements and, to the extent inconsistent with, replaces the description of the general terms and provisions of the debt securities under the caption "Description of Debt Securities" in the accompanying prospectus. We will issue the senior debentures as a separate series of securities under an indenture between us and J.P. Morgan Trust Company, National Association, as successor trustee. The indenture is described in the accompanying prospectus.

### General

The indenture does not limit the aggregate principal amount of senior unsecured debt securities that we can issue under it, and provides that we may issue securities from time to time in one or more series pursuant to the terms of one or more supplemental indentures, board resolutions or officers' certificates creating the series. The indenture also does not limit the total amount of debt that we can incur under other instruments, including first mortgage bonds. It also does not give holders of the senior debentures protection in the event we engage in a highly leveraged or other transaction that may adversely affect holders of the senior debentures. As of the date of this prospectus supplement, we have \$100.0 million aggregate principal amount of 5.875% senior debentures due 2018, \$100.0 million aggregate principal amount of 6.450% senior debentures due 2033 and \$125.0 million aggregate principal amount of 6.30% senior debentures due 2034 outstanding under the indenture.

We are offering the senior debentures in the aggregate principal amount of \$50.0 million. We may, without the consent of holders, issue additional senior debentures and thereby increase that principal amount in the future, on the same terms and conditions, except for the public offering price and issue date, and with the same CUSIP number as the senior debentures we offer by this prospectus supplement.



## **Maturity and Interest**

The senior debentures will mature on July 15, 2025. Each senior debenture will bear interest from July 21, 2005, or from and including the most recent interest payment date to which we have paid interest, at the rate of 5.50% per year. We will pay interest semi-annually in arrears, on January 15 and July 15, commencing January 15, 2006, to the persons in whose names the senior debentures are registered at the close of business (1) on the business day prior to each interest payment date if the senior debentures remain in book-entry form or (2) on the fifteenth calendar day before each interest payment date if the senior debentures do not remain in book-entry form.

## **Ranking**

The senior debentures will be our senior, unsecured and unsubordinated obligations, ranking equally and ratably with all our other senior, unsecured and unsubordinated obligations from time to time outstanding. The senior debentures will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing such indebtedness.

We currently have first mortgage bonds, collateral trust bonds and unsecured long-term debt outstanding. Substantially all of our tangible public utility property is subject to direct first mortgage liens under our indentures and deeds of trust securing our first mortgage bonds. Our indentures and deeds of trust securing our collateral trust bonds are direct second liens on a significant portion of our tangible public utility property while some of our first mortgage bonds remain outstanding. If we become bankrupt, liquidate or reorganize, the trustees for the first mortgage bonds and collateral trust bonds could use the collateral property to satisfy our obligations under the first mortgage bonds and collateral trust bonds before holders of unsecured debt securities, including the senior debentures, would receive any payments.

As of March 31, 2005, giving pro forma effect to this offering and the anticipated use of the proceeds of the offering, we would have had \$25.0 million aggregate principal amount of first mortgage bonds, \$185.2 million aggregate principal amount of collateral trust bonds and \$755.9 million aggregate principal amount of unsecured long-term debt outstanding.

## **Optional Redemption**

We may redeem the senior debentures at our option, at any time in whole or from time to time in part, at a redemption price equal to the sum of the principal amount of the senior debentures we redeem, accrued interest on that principal amount to the redemption date and the make-whole amount, if any, with respect to those senior debentures. This sum is referred to as the redemption price.

"Make-whole amount" means, in connection with the optional redemption, the excess, if any, of:

- the aggregate present value as of the date of any optional redemption of each dollar of principal being redeemed and the amount of interest, exclusive of interest accrued to the date of redemption, that would have been payable in respect of such dollar of principal if such redemption had not been made, determined by discounting, on a semi-annual basis, such principal and interest at the reinvestment rate, as determined on the third business day preceding the date that notice of the redemption is given, from the respective dates on which such principal and interest would have been payable if such redemption had not been made, over
- the aggregate principal amount of the senior debentures being redeemed.

"Reinvestment rate" means 0.20% plus the arithmetic mean of the yields under the headings "Week Ending" published in the most recent statistical release under the caption "Treasury Constant Maturities" for the maturity, rounded to the nearest month, corresponding to the remaining life to maturity, as of the payment date of the principal being redeemed. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity will be calculated pursuant to the immediately preceding sentence and the reinvestment rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of the relevant periods to the nearest month. For

purposes of calculating the reinvestment rate, the most recent statistical release published prior to the date of determination of the make-whole amount will be used.

"Statistical release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States government securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination, then such other reasonably comparable index which shall be designated by us.

No sinking fund will be established for the benefit of the senior debentures.

#### **The Trustee**

J.P. Morgan Trust Company, National Association, will act as trustee, registrar, transfer agent and paying agent for the senior debentures. We can remove the trustee with or without cause so long as no event which is, or after notice or lapse of time would become, an event of default shall have occurred and be continuing.

We and certain of our affiliates maintain banking and other business relationships in the ordinary course of business with the trustee and its affiliates. In addition, the trustee and certain of its affiliates may serve as trustee for other securities issued by us or by our affiliates.

To the extent provided in the indenture, the trustee will have a prior claim on amounts held by it under the indenture for the payment of its compensation and expenses and for the repayment of advances made by it to effect performance of some covenants in the indenture.

#### **Book-Entry Delivery and Settlement**

We will issue the senior debentures in whole or in part in the form of one or more global certificates or notes, which we refer to as global securities. We will deposit the global securities with or on behalf of The Depository Trust Company, referred to as DTC, and registered in the name of Cede & Co., as nominee of DTC, or else the global securities will remain in the custody of the trustee in accordance with the FAST Balance Certificate Agreement between DTC and the trustee.

DTC has advised us that:

- DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934;
- DTC holds securities that its direct participants deposit with DTC and facilitates the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in direct participants' accounts, thereby eliminating the need for physical movement of securities certificates;
- direct participants include securities brokers and dealers, trust companies, clearing corporations and other organizations;
- DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc.;
- access to the DTC system is also available to indirect participants such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly; and
- the rules applicable to DTC and its direct and indirect participants are on file with the SEC.

We have provided the following descriptions of the operations and procedures of DTC solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are

subject to change by them from time to time. Neither we, the underwriters nor the trustee take any responsibility for these operations or procedures, and you are urged to contact DTC or its participants directly to discuss these matters.

We expect that under procedures established by DTC:

- upon deposit of the global securities with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global securities; and
- ownership of the senior debentures will be shown on, and the transfer of ownership of the senior debentures will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions require that purchasers of securities take physical delivery of those securities in the form of a certificate. For that reason, it may not be possible to transfer interests in a global security to those persons. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in a global security to pledge or transfer that interest to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of that interest, may be affected by the lack of a physical definitive security in respect of that interest.

So long as DTC or its nominee is the registered owner of a global security, DTC or that nominee will be considered the sole owner or holder of the senior debentures represented by that global security for all purposes under the indenture and under the senior debentures. Except as described below, owners of beneficial interests in a global security will not be entitled to have senior debentures represented by that global security registered in their names, will not receive or be entitled to receive the senior debentures in the form of a physical certificate and will not be considered the owners or holders of the senior debentures under the indenture or under the senior debentures, and may not be entitled to give the trustee directions, instructions or approvals. For that reason, each holder owning a beneficial interest in a global security must rely on DTC's procedures and, if that holder is not a direct or indirect participant in DTC, on the procedures of the DTC participant through which that holder owns its interest, to exercise any rights of a holder of senior debentures under the indenture or the global security.

Neither we nor the trustee will have any responsibility or liability for any aspect of DTC's records relating to the senior debentures or relating to payments made by DTC on account of the senior debentures, or any responsibility to maintain, supervise or review any of DTC's records relating to the senior debentures.

We will make payments on the senior debentures represented by the global securities to DTC or its nominee, as the registered owner of the senior debentures. We expect that when DTC or its nominee receives any payment on the senior debentures represented by a global security, DTC will credit participants' accounts with payments in amounts proportionate to their beneficial interests in the global security as shown in DTC's records. We also expect that payments by DTC's participants to owners of beneficial interests in the global security held through those participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. DTC's participants will be responsible for those payments.

Payments on the senior debentures represented by the global securities will be made in immediately available funds. Transfers between participants in DTC will be made in accordance with DTC's rules and will be settled in immediately available funds.

### **Certificated Senior Debentures**

We will issue *certificated senior debentures* to each person that DTC identifies as the beneficial owner of senior debentures represented by the global securities upon surrender by DTC of the global securities only if:

- DTC notifies us that it is no longer willing or able to act as a depository for the global securities, and we have not appointed a successor depository within 90 days of that notice;
- an event of default with respect to the senior debentures has occurred and is continuing; or
- we decide not to have the senior debentures represented by a global security.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related senior debentures. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee, including instructions about the registration and delivery, and the respective principal amounts, of the senior debentures to be issued.

## UNDERWRITING

Barclays Capital Inc., Banc of America Securities LLC and Lazard Capital Markets LLC are acting as underwriters. Subject to the terms and conditions set forth in a purchase agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters severally and not jointly has agreed to purchase from us, the principal amount of senior debentures set forth opposite its name below.

<u>Underwriters</u>	<u>Principal Amount</u>
Barclays Capital Inc. ....	\$35,000,000
Banc of America Securities LLC .....	12,500,000
Lazard Capital Markets LLC .....	<u>2,500,000</u>
Total .....	<u>\$50,000,000</u>

The underwriters have agreed, subject to the terms and conditions contained in the purchase agreement, to purchase all of the senior debentures sold under the purchase agreement if any of these senior debentures are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the purchase agreement may be terminated.

The underwriters are offering the senior debentures, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the senior debentures, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The senior debentures are a new issue of securities with no established trading market. The senior debentures will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the senior debentures after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the senior debentures or that an active public market for the senior debentures will develop. If an active public trading market for the senior debentures does not develop, the market price and liquidity of the senior debentures may be adversely affected.

### Commissions and Discounts

The underwriters have advised us that the underwriters propose initially to offer the senior debentures to the public at the public offering price on the cover page of this prospectus supplement, and may offer the senior debentures to certain dealers at that price less a concession not in excess of 0.50% of the principal amount of the senior debentures. The underwriters may allow, and the dealers may reallow, a discount not in excess of 0.25% of the principal amount of the senior debentures to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of this offering, not including the underwriting discount, are estimated at \$110,000 and are payable by us.

### No Sale of Similar Securities

We have agreed, with exceptions, not to sell or transfer any of our senior debentures for 15 days after the date of this prospectus supplement without first obtaining the written consent of Barclays Capital Inc. and Banc of America Securities LLC on behalf of the underwriters. Specifically, we have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any debt securities;
- sell any option or contract to purchase any debt securities;

- purchase any option or contract to sell any debt securities;
- grant any option, right or warrant to sell any debt securities;
- lend or otherwise dispose of or transfer any debt securities;
- file a registration statement related to any debt securities; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any debt securities, whether any such swap or transaction is to be settled by delivery of debt securities or other securities, in cash or otherwise.

This lockup provision applies to the debt securities and to securities convertible into or exchangeable or exercisable for or repayable with the debt securities.

#### **Indemnification**

We have agreed to indemnify the underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

#### **Price Stabilization and Short Position**

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the senior debentures. Such transactions consist of bids or purchases to peg, fix or maintain the price of the senior debentures.

If the underwriters create a short position in the senior debentures in connection with the offering, i.e., if they sell more senior debentures than are listed on the cover page of this prospectus supplement, then they may reduce that short position by purchasing senior debentures in the open market. Purchases of our senior debentures to stabilize or reduce a short position could cause the price of our senior debentures to be higher than it might be in the absence of such purchases.

In general, purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the senior debentures. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

#### **MarketAxess**

Certain of the underwriters will make the senior debentures available for distribution on the Internet through a proprietary web site and/or a third-party system operated by MarketAxess Corporation, an Internet-based communications technology provider. MarketAxess Corporation is providing the system as a conduit for communications between those underwriters and their customers and is not a party to any transactions. MarketAxess Corporation, a registered broker-dealer, will receive compensation from those underwriters based on transactions those underwriters conduct through the system. Those underwriters will make the senior debentures available to their customers through Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

#### **Other Relationships**

Each of the underwriters or their affiliates have provided investment or commercial banking services to us in the past and are likely to do so in the future. They receive customary fees and commissions for these services. In particular, affiliates of each of the underwriters are lenders under our credit facility.

Lazard Capital Markets LLC has entered into an agreement with Mitsubishi Securities (USA), Inc. pursuant to which Mitsubishi Securities provides certain advisory and/or other services to Lazard Capital Markets, including in respect of this offering. In return for the provision of such services by Mitsubishi Securities to Lazard Capital Markets, Lazard Capital Markets will pay to Mitsubishi Securities a mutually agreed upon fee.

## LEGAL MATTERS

The validity of the senior debentures will be passed upon for us by Foley & Lardner LLP. Some legal matters will be passed upon for the underwriters by Gibson, Dunn & Crutcher LLP.

## EXPERTS

The consolidated financial statements and the related financial statement schedule incorporated in this prospectus supplement by reference from Interstate Power and Light Company's Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption on January 1, 2003 of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations"), and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.